



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1310**

House Ways and Means Oversight Subcommittee Hearing On  
“How the Tax Code Subsidizes Hate”

Witness:

Mr. Marcus Owens

I would like to follow-up on my line of questioning about the National Rifle Association of America (NRA) and its status as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. According to reporting in the *New Yorker*, in July 2018, the NRA Board of Directors Audit Committee held an “emergency meeting” to discuss “whistleblowing reports” relating to vendor arrangements. Documentation was reportedly provided ahead of that meeting that listed concerns from NRA accountants such as “NRA pays overbilled, deceptive, vague invoices to ‘preferred’ vendors and contractors” and “decisions are made in the best interests of vendors,” not the organization. In the power struggle that played out publicly between NRA Executive Vice President Wayne LaPierre and former NRA Board President Oliver North, Mr. LaPierre has accused North of an “extortion” attempt to try and oust him from the organization.

- In general, can a non-profit organization, and/or its officers and directors, violate the criminal law?
- If yes, and if the IRS found a potential violation of criminal law in the course of an audit, what would be the process for ensuring a proper criminal investigation was conducted?
- In your experience at the IRS as the Director of the Exempt Organizations Division, would allegations of “deceptive invoices” and “extortion” be the type of fact pattern where you might consider a criminal law referral?
- Separate from any violations of criminal law, as a general matter, what are the duties and obligations of board members to oversee a non-profit's finances and prevent inappropriate related-party transactions and/or self-dealing?
- Do individual board members have potential civil liability under various state laws if they fail to exercise appropriate oversight of items such as self-dealing, related party transactions, and/or frivolous spending?

A handwritten signature in blue ink that reads "Bradley S. Schneider".